

PROPOSED ORDINANCE NO. 101275

An ordinance relating to licensing and taxation; levying taxes on certain businesses and occupations and utilities doing business in King County.

BE IT ORDAINED BY THE KING COUNTY COUNCIL:

NEW SECTION: Section 1. EXERCISE OF POWER TO LEVY TAXES.

This ordinance shall be deemed to be an exercise of the power of King County to levy taxes.

NEW SECTION: Sec. 2. "TAX YEAR," "TAXABLE YEAR."

"Tax year" or "taxable year" means either the calendar year, or the taxpayer's fiscal year when permission is obtained from the tax commission to use a fiscal year in lieu of the calendar year.

NEW SECTION: Sec. 3. "PERSON", "COMPANY". "Person" or "company", herein used interchangeably, means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, copartnership, joint venture, club, company, joint stock company, business trust, municipal corporation, political subdivision of the State of Washington corporation, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit, or otherwise and the United States or any instrumentality thereof.

NEW SECTION: Sec. 4. "SALE," "CASUAL OR ISOLATED SALE."

"Sale" means any transfer of the ownership of, title to, or possession of property for a valuable consideration and includes any activity classified as a "sale at retail" or "retail sale" under Section 5. It includes renting or leasing, conditional sale contracts, leases with option to purchase, and any contract under which possession of the property is given to the purchaser but title is retained by the vendor as security for the payment of the purchase price. It also includes the furnishing of food, drink, or meals for compensation whether consumed upon the premises or not.

"Casual or isolated sale" means a sale made by a person who is not engaged in the business of selling the type of property involved.

NEW SECTION: Sec. 5. "SALE AT RETAIL", "RETAIL SALE".

"Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than a sale to a person who (a) purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person, or (b) installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person, or (c) purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale. The term shall include every sale of tangible personal property which is used or consumed or to be used or consumed in the performance of any activity classified as a "sale at retail" or "retail sale" even though such property is resold or utilized as provided in (a), (b), or (c) above following such use. The term also means every sale of tangible personal property to persons engaged in any business which is taxable under Section 30, subsection (2), and Section 31.

The term "sale at retail" or "retail sale" shall include the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of coin operated laundry facilities when such facilities are situated in an apartment house, hotel, motel rooming house, trailer camp or tourist camp for the exclusive use of the tenants thereof, and excluding services rendered in respect to live animals, birds, and insects; (b) the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and shall also include the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture; (c) the sale of or charge made for labor and services rendered in respect to the cleaning, fumigating, razing or moving of existing buildings or structures, but shall not include the charge made for janitorial services; (d) the sale of or charge made for labor and services rendered in respect to automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16, Revised Code of Washington; (e) the sale of and charge made for the furnishing of lodging and all other services by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it shall be presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real

property and not a mere license to use or enjoy the same; (f) the sale of or charge made for tangible personal property, labor and services to persons taxable under (a), (b), (c), (d), and (e) above when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this paragraph shall be construed to modify the first paragraph of this section and nothing contained in the first paragraph of this section shall be construed to modify this paragraph.

The term "sale at retail" or "retail sale" shall include the sale of or charge made for personal business or professional services, including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities: (a) amusement and recreation businesses including but not limited to golf, pool, billiards, skating, bowling, ski lifts and tows and others; (b) abstract, title insurance and escrow businesses; (c) credit bureau businesses; (d) automobile parking and storage garage businesses.

The term shall also include the renting or leasing of tangible personal property to consumers.

The term shall not include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any publicly owned street, place, road, highway, bridge, or trestle which is used or to be used primarily for foot or vehicular traffic, nor shall it include sales of feed, seed, fertilizer, and spray materials to persons for the purpose of producing for sale any agricultural product whatsoever, including milk, eggs, wool, fur, meat, honey, or other substances obtained from animals, birds, or insects but only when such production and subsequent sale are exempt from tax under Section 35, nor shall it include sales of chemical

sprays or washes to persons for the purpose of post-harvest treatment of fruit for the prevention of scald, fungus, mold, or decay.

NEW SECTION: Sec. 6. "SALE AT WHOLESALE," "WHOLESALE SALE."

"Sale at wholesale" or "wholesale sale" means any sale of tangible personal property which is not a sale at retail and means any charge made for labor and services rendered for persons who are not consumers, in respect to real personal property, if such charge is expressly defined as a retail sale by Section 5 when rendered to or for consumers: PROVIDED, That the term "real or personal property" as used in this section shall not include any natural products named in Section 100.

NEW SECTION: Sec. 7. "GROSS PROCEEDS OF SALES." "Gross

proceeds of sales" means the value proceeding or accruing from the sale of tangible personal property and/or for services rendered, without any deduction on account of the cost of property sold, the cost of materials used, labor costs, interest, discount paid, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.

NEW SECTION: Sec. 8. "GROSS INCOME OF THE BUSINESS."

"Gross income of the business" means the value proceeding or accruing by reason of the transaction of the business engaged in and includes gross proceeds of sales, compensation for the rendition of services, gains realized from trading in stocks, bonds, or other evidences of indebtedness, interest, discount, rents, royalties, fees, commissions, dividends, and other emoluments however designated, all without any deduction on account of the cost of tangible property sold, the cost of materials used, labor costs, interest, discount, delivery costs, taxes, or any other expense whatsoever paid or accrued and without any deduction on account of losses.

NEW SECTION: Sec. 9. "VALUE PROCEEDING OR ACCRUING."

"Value proceeding or accruing" means the consideration, whether money, credits, rights, or other property expressed in terms of money, actually received or accrued. The term shall be applied, in each case, on a cash receipts or accrual basis according to which method of ac-

counting is regularly employed in keeping the books of the taxpayer. The tax commission may provide by regulation that the value proceeding or accruing from sales on the installment plan under conditional contracts of sale may be reported as of the dates when the payments become due.

NEW SECTION: Sec. 10. "EXTRACTOR". "Extractor" means every person who from his own land or from the land of another under a right or license granted by lease or contract, either directly or by contracting with others for the necessary labor or mechanical services, for sale or for commercial or industrial use mines, quarries, takes or produces coal, oil, natural gas, ore, stone, sand, gravel, clay, mineral or other natural resource product, or fells, cuts or takes timber, Christmas trees or other natural products, or takes, cultivates, or raises fish, shellfish, or other sea or inland water foods or products. It does not include persons performing under contract the necessary labor or mechanical services for others.

NEW SECTION: Sec. 11. "MANUFACTURER." "Manufacturer" means every person who, either directly or by contracting with others for the necessary labor or mechanical services, manufactures for sale or for commercial or industrial use from his own materials or ingredients any articles, substances or commodities. When the owner of equipment or facilities furnishes, or sells to the customer prior to manufacture, all or a portion of the materials that become a part or whole of the manufactured article, the tax commission shall prescribe equitable rules for determining tax liability.

NEW SECTION: Sec. 12. "TO MANUFACTURE". "To manufacture" embraces all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials so that as a result thereof a new, different or useful substance or article of tangible personal property is produced for sale or commercial or industrial use, and shall include the production or fabrication of special made or custom made articles, and the general or production of electrical energy for resale or consumption outside the county.

NEW SECTION: Sec. 13. "COMMERCIAL OR INDUSTRIAL USE."

"Commercial or industrial use" means the following uses of products, including by-products, by the extractor or manufacturer thereof:

(1) Any use as a consumer; and

(2) The manufacturing of articles, substances or commodities from extracted products, including byproducts.

NEW SECTION: Sec. 14. "BUSINESS." "Business" includes all activities engaged in with the object of gain, benefit, or advantage to the taxpayer or to another person or class, directly or indirectly.

NEW SECTION: Sec. 15. "ENGAGING IN BUSINESS." "Engaging in business" means commencing, conducting, or continuing in business and also the exercise of corporate or franchise powers as well as liquidating a business when the liquidators thereof hold themselves out to the public as conducting such business.

NEW SECTION: Sec. 16. "CASH DISCOUNT." "Cash discount" means a deduction from the invoice price of goods or charge for services which is allowed if the bill is paid on or before a specified date.

NEW SECTION: Sec. 17. "TUITION FEE." "Tuition fee" includes library, laboratory, health service and other special fees, and amounts charged for room and board by an educational institution when the property or service for which such charges are made is furnished exclusively to the students or faculty of such institution. "Educational institution," as used in this section, means only those institutions created or generally accredited as such by the state and offering to students an educational program of a general academic nature or those institutions which are not operated for profit and which are privately endowed under a deed of trust to offer instruction in trade, industry, and agriculture, but not including specialty schools, business colleges, other trade schools, or similar institutions.

NEW SECTION: Sec. 18. "SUCCESSOR." "Successor" means any person who, through direct or mesne conveyance, purchases or succeeds to the business, or portion thereof, or the whole or any part of the stock of goods, wares, merchandise, or fixtures or any interest therein of a taxpayer quitting, selling out, exchanging, or otherwise disposing of his business. Any person obligated to fulfill the terms of a contract shall be deemed a successor to any contractor defaulting in the performance of any contract as to which such person is a surety or guarantor.

NEW SECTION: Sec. 19. "CONSUMER." "Consumer" means the following:

(1) Any person who purchases, acquires, owns, holds, or uses any article of tangible personal property irrespective of the nature of his business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than for the purpose (a) of resale as tangible personal property in the regular course of business or (b) of incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating such real or personal property of or for consumers or (c) of consuming such property in producing for sale a new article of tangible personal property or a new substance, of which such property becomes an ingredient or component or as a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale;

(2) Any person engaged in any business activity taxable under Section 31;

(3) Any person engaged in the business of contracting for the building, repairing or improving of any publicly owned street, place, road, highway, bridge or trestle which is used or to be used primarily for foot or vehicular traffic as defined in Section 30,

in respect to tangible personal property when such person incorporates such property as an ingredient or component of such publicly owned street, place, road, highway, bridge or trestle by installing, placing or spreading the property in or upon the right of way of such street, place, road, highway, bridge or trestle;

(4) Any person who is an owner, lessee or has the right of possession to or an easement in real or personal property which is being constructed, repaired, improved, cleaned, imprinted, or otherwise altered by a person engaged in business, excluding only the United States, the state, and its political subdivisions in respect to labor and services rendered to their real property which is used or held for public road purposes. Nothing contained in this or any other subsection of this definition shall be construed to modify any other definition of "consumer".

NEW SECTION: Sec. 20. "IN THIS COUNTY," "WITHIN THIS COUNTY." "In this county" or "within this county" includes all federal areas lying within the exterior boundaries of the county.

NEW SECTION: Sec. 21. "BYPRODUCT." "Byproduct" means any additional product, other than the principal or intended product, which results from extracting or manufacturing activities and which has a market value, without regard to whether or not such additional product was an expected or intended result of the extracting or manufacturing activities.

NEW SECTION: Sec. 22. "RETAIL STORE OR OUTLET." "Retail store or outlet" does not mean a device or apparatus through which sales are activated by coin deposits but the phrase shall include automats or business establishments retailing diversified goods primarily through the use of such devices or apparatus.

NEW SECTION: Sec. 23. BUSINESS AND OCCUPATION TAX IMPOSED.

There is levied and shall be collected from every person a tax for the act or privilege of engaging in business activities. Such tax shall be measured by the application of rates against value of products, gross proceeds of sales, or gross income of the business, as the case may be.

NEW SECTION: Sec. 24. TAX ON EXTRACTORS. Upon every person engaging within this county in business as an extractor; as to such persons the amount of the tax with respect to such business shall be at a rate of 4 percent of the amount collected by the state;

The measure of the tax is the value of the products, including byproducts, so extracted, regardless of the place of sale or the fact that deliveries may be made to points outside the county.

NEW SECTION: Sec. 25. TAX ON MANUFACTURERS. Upon every person except persons taxable under subsections (2), (3), (4), (5), (6), or (8) of Section 27 engaging within this county in business as a manufacturer; as to such persons the amount of the tax with respect to such business shall be at a rate of 4 percent of the amount collected by the state.

The measure of the tax is the value of the products, including byproducts, so manufactured regardless of the place of sale or the fact that deliveries may be made to points outside the county.

NEW SECTION: Sec. 26. TAX ON RETAILERS. Upon every person engaging within this county in the business of making sales at retail, as to such persons, the amount of tax with respect to such business shall be at a rate of 4 percent of the amount collected by the state.

NEW SECTION: Sec. 27. TAX ON BUYER AND WHOLESALE OF GRAINS AND DRY PEAS--FLOUR MANUFACTURERS--SEAFOOD PRODUCTS MANUFACTURERS --FRUIT AND VEGETABLE PROCESSORS--ALUMINUM MANUFACTURERS--RESEARCH AND DEVELOPMENT ORGANIZATIONS--PERISHABLE MEAT PRODUCTS PROCESSORS AND WHOLESALERS. (1) Upon every person engaging within this county in the business of buying wheat, oats, dry peas, corn, and barley, but not including any manufactured or processed products thereof, and selling

the same at wholesale; the tax imposed shall be at a rate of 4 percent of the amount collected by the State.

(2) Upon every person engaging within this County in the business of manufacturing wheat into flour; as to such persons the amount of tax with respect to such business shall be at the rate of 4 percent of the amount collected by the State.

(3) Upon every person engaging within this County in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business shall be at a rate of 4 percent of the amount collected by the State.

(4) Upon every person engaging within this County in the business of manufacturing seafood products which remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; as to such persons the amount of tax with respect to such business shall be at the rate of 4 percent of the amount collected by the State.

(5) Upon every person engaging within this County in the business of manufacturing by canning, preserving, freezing or dehydrating fresh fruits and vegetables; as to such persons the amount of tax with respect to such business shall be at a rate of 4 percent of the amount collected by the State.

(6) Upon every person engaging within this County in the business of manufacturing aluminum pig, ingot, billet, slab, sheet (flat or coiled), rod, bar, wire, cable or extrusions; as to such persons the amount of the tax with respect to such business shall be at a rate of 4 percent of the amount collected by the State.

(7) Upon every nonprofit corporation and nonprofit association engaging within this County in research and development, as to such corporations and associations, the amount of tax with respect to such activities shall be at a rate of 4 percent of the amount collected by the State.

(8) Upon every person engaging within this county in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale; as to such persons the tax imposed shall be at a rate of 4 per cent of the amount collected by the state.

NEW SECTION: Sec. 28. TAX ON WHOLESALERS, DISTRIBUTORS.

(1) Upon every person except persons taxable under subsection (1) of Section 27 engaging within this county in the business of making sales at wholesale; as to such persons the amount of tax with respect to such business shall be at a rate of 4 per cent of the amount collected by the state.

(2) The tax imposed by this section is levied and shall be collected from every person engaged in the business of distributing in this county articles of tangible personal property, owned by them from their own warehouse or other central location in this county to two or more of their own retail stores or outlets, where no change of title or ownership occurs, the intent hereof being to impose a tax equal to the wholesaler's tax upon persons performing functions essentially comparable to those of a wholesaler, but not actually making sales: PROVIDED, That the tax designated in this section may not be assessed twice to the same person for the same article. The amount of the tax as to such persons shall be at a rate of 4 per cent of the amount collected by the state: PROVIDED, That persons engaged in the activities described in this subsection shall not be liable for the tax imposed if by proper invoice it can be shown that they have purchased such property from a wholesaler who has paid a business and occupation tax to the county upon the same articles. This proviso shall not apply to purchases from manufacturers as defined in Section 11. The department of revenue shall prescribe uniform and equitable rules for the purpose of ascertaining such value, which value shall correspond as nearly as possible to the gross proceeds from sales at wholesale in this county of similar articles of like quality and character, and in similar quantities by other taxpayers: PROVIDED FURTHER, That delivery trucks or vans will not under the purposes of this section be considered to be retail stores or outlets.

NEW SECTION: Sec. 29. TAX ON CERTAIN WHOLESALE SALES OF CIGARETTES. Upon every person engaging within this county in the business of wholesale sales of manufacturer's stock of cigarettes warehoused in this county by the manufacturer and sold by him at wholesale in this county; as to such persons the amount of tax with respect to such business shall be at a rate of 4% of the amount levied by the state.

Persons and activities taxed under this section shall not be liable for the wholesaling tax under the provisions of Section 28.

NEW SECTION: Sec. 30. TAX ON PRINTERS, PUBLISHERS, HIGHWAY CONTRACTORS, EXTRACTING OR PROCESSING FOR HIRE, COLD STORAGE WAREHOUSE OPERATION, INSURANCE GENERAL AGENTS, RADIO AND TELEVISION BROADCASTING. Upon every person engaging within this county in the business of: (1) Printing, and of publishing newspapers, periodicals or magazines; (2) building, repairing or improving any publicly owned street, place, road, highway, bridge, or trestle which is used or to be used, primarily for foot or vehicular traffic including any readjustment, reconstruction or relocation of the facilities of any public private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or relocation, is the responsibility of the public authority whose street, place, road, highway, bridge or trestle is being built, repaired or improved; (3) extracting for hire or processing for hire; (4) operating a cold storage warehouse, but not including the rental of cold storage lockers; (5) representing and performing services for fire or casualty insurance companies as an independent resident managing general agent licensed under the provisions of RCW 48.05.310; (6) radio and television broadcasting, excluding network, national and regional advertising computed as a standard deduction based on the national average thereof as annually reported by the Federal Communications Commission, or in lieu thereof by itemization by the individual broadcasting station, and excluding that portion of revenue represented by the out-of-county audience

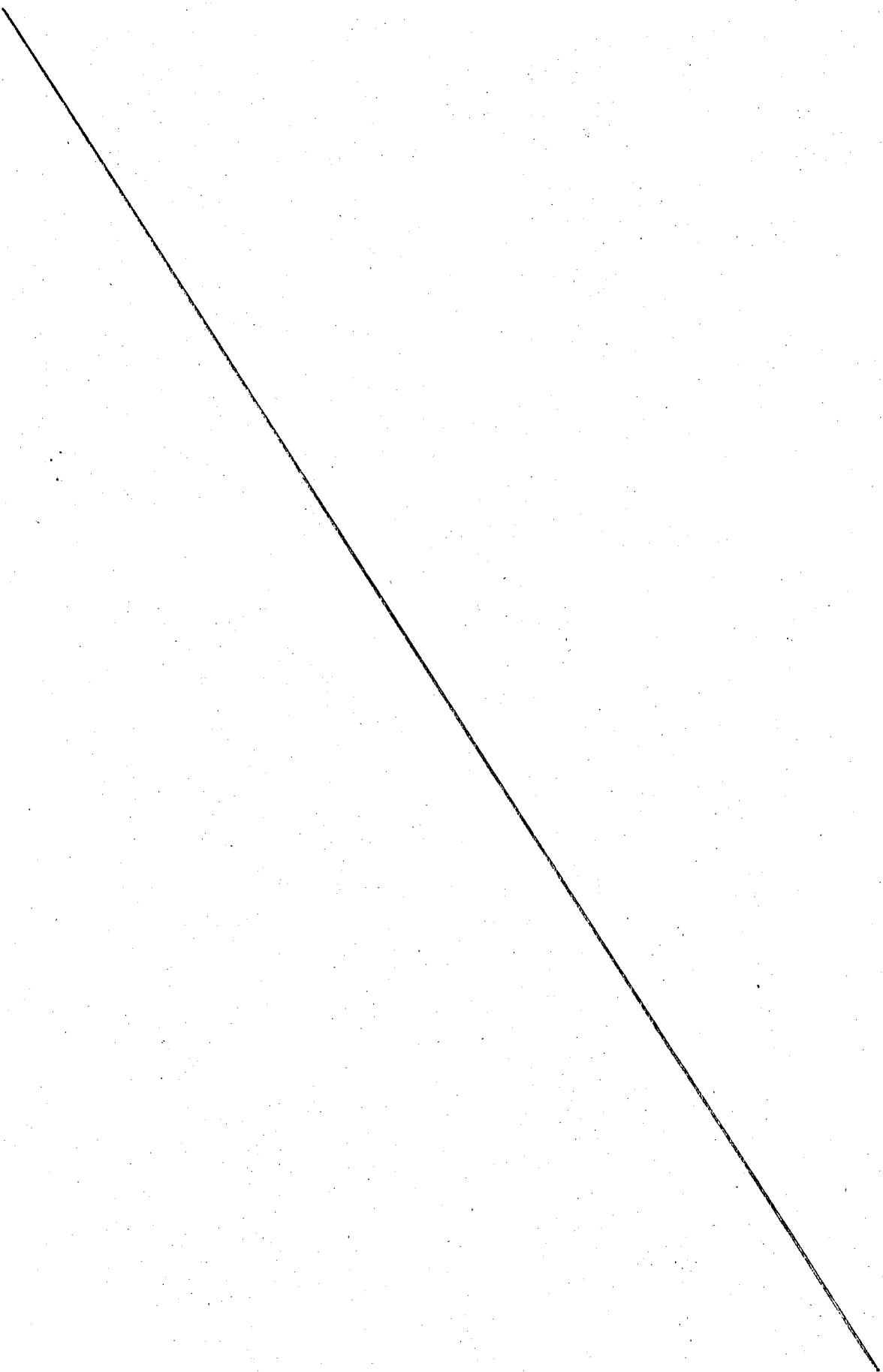
computed as a ratio to the station's total audience as measured by the 100 micro-volt signal strength and delivery by wire, if any; as to such persons, the amount of tax on such business shall be at a rate of 4% of the amount collected by the state.

NEW SECTION. Sec. 31. TAX ON OTHER BUSINESS OR SERVICE ACTIVITIES. Upon every person engaging within this county in any business activity other than or in addition to those enumerated in Section 24, 25, 26, 27, 28, 29 and 30; as to such persons the amount of tax on account of such activities shall be at a rate of 4 percent of the amount collected by the state. This section includes, among others, and without limiting the scope hereof (whether or not title to materials used in the performance of such business passes to another by accession, confusion or other than by outright sale,) persons engaged in the business of rendering any type of service which does not constitute a "sale at retail" or a "sale at wholesale." The value of advertising, demonstration, and promotional supplies and materials furnished to an agent by his principal or supplier to be used for informational educational and promotional purposes shall not be considered a part of the agent's remuneration or commission and shall not be subject to taxation under this section.

NEW SECTION: Sec. 32. EXEMPTIONS--BASED ON MONTHLY GROSS OR YEARLY GROSS. This ordinance shall apply to any person engaging in any business activity taxable under Section 24, 25, 26, 27, 28, 29, 30, and 31 other than those whose value of products, gross proceeds of sales, or gross income of the business is less than three hundred dollars per month: PROVIDED, That where one person engages in more than one business activity and the combined measures of the tax applicable to such businesses equal or exceed three hundred dollars per month, no exemption or deduction from the amount of tax is allowed by this section.

Any person claiming exemption under the provisions of this section may be required to file returns even though no tax may be due: PROVIDED, FURTHER, That the tax commission may allow exemptions, by general rule or regulation, in those instances in which quarterly, semiannual, or

annual returns are permitted. Exemptions for such periods shall be equivalent in amount to the total of exemptions for each month of a reporting period.



NEW SECTION: Sec. 33. EXEMPTIONS--PUBLIC UTILITIES. This ordinance shall not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of chapter 82.16 RCW, except herein after provided.

NEW SECTION: Sec. 34. EXEMPTIONS--INSURANCE BUSINESS. This ordinance shall not apply to any person in respect to insurance business upon which a tax based on gross premiums is paid to the county: PROVIDED, That the provisions of this section shall not exempt any person engaging in the business of representing any insurance company, whether as general or local agent or acting as broker for such companies: PROVIDED FURTHER, That the provisions of this section shall not exempt any bonding company from tax with respect to gross income derived from the completion of any contract as to which it is a surety, or as to any liability as successor to the liability of the defaulting contractor.

NEW SECTION: Sec. 35. EXEMPTIONS--AGRICULTURE. This ordinance shall not apply to any person in respect to the business of growing or producing for sale upon his own lands or upon land in which he has a present right of possession, any agricultural or horticultural produce or crop, including the raising for sale of any animal, bird, or insect, or the milk, eggs, wool, fur, meat, honey, or other substance obtained therefrom, or in respect to the sale of such products at wholesale by such grower, producer, or raiser thereof. This exemption shall not apply to any person selling such products at retail or using such products as ingredients in a manufacturing process; nor to the sale of any animal or substance obtained therefrom by a person in connection with his business of operating a stockyard or a slaughter or packing house; nor to any person in respect to the business of taking, cultivating, or raising Christmas trees or timber; nor to any association of persons whatever, whether mutual, cooperative or otherwise, engaging in any business activity with respect to which tax liability is imposed under the provisions of this ordinance.

NEW SECTION: Sec. 36. EXEMPTIONS--AGRICULTURAL FAIRS. This ordinance shall not apply to any business of any bona fide agricultural fair, if no part of the net earnings therefrom inures to the benefit of any stockholder or member of the association conducting the same: PROVIDED, That any amount paid for admission to any exhibit, grandstand, entertainment, or other feature conducted with the the fair grounds by others shall be taxable under the provisions of this ordinance, except as otherwise provided by law.

NEW SECTION: Sec. 37. EXEMPTIONS--ATHLETIC EXHIBITIONS. This ordinance shall not apply to any person in respect to the business of conducting boxing contests and sparring or wrestling matches and exhibitions for the conduct of which a license must be secured from the state athletic commission.

NEW SECTION: Sec. 38. EXEMPTIONS--RACING. This ordinance shall not apply to any person in respect to the business of conducting race meets for the conduct of which a license must be secured from the horse racing commission.

NEW SECTION: Sec. 39. EXEMPTIONS--EMPLOYEES. This ordinance shall not apply to any person in respect to his employment in the capacity of an employee or servant as distinguished from that of an independent contractor.

NEW SECTION: Sec. 40. EXEMPTIONS--CERTAIN FRATERNALS AND BENEFICIARY ORGANIZATIONS. This ordinance shall not apply to fraternal benefit societies or fraternal fire insurance associations, as described in Title 48, RCW; nor to beneficiary corporations or societies under and existing by virtue of Title 24, RCW, if such beneficiary corporations or societies provide in their bylaws for the payment of death benefits. Exemption is limited, however, to gross income from premiums, fees, assessments, dues or other charges directly attributable to the insurance or death benefits provided by such societies, associations, or corporations.

NEW SECTION: Sec. 41. EXEMPTIONS--CERTAIN CORPORATIONS FURNISHING AID AND RELIEF. This ordinance shall not apply to the gross sales or the gross income received by corporations which have been incorporated under any act of the congress of the United States of America and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods and other national calamities and to devise and carry on measures for preventing the same.

NEW SECTION: Sec. 42. EXEMPTIONS--AMOUNTS DERIVED FROM SALE OF REAL ESTATE. This ordinance shall not apply to gross proceeds derived from the sale of real estate. This however, shall not be construed to allow a deduction of amounts received as commissions from the sale of real estate, nor as fees, handling charges, discounts, interest or similar financial charges resulting from, or relating to, real estate transactions.

NEW SECTION: Sec. 43. EXEMPTIONS--FINANCIAL INSTITUTIONS. This ordinance shall not apply to national banks, state banks, trust companies, production credit associations organized under the Farm Credit Act of 1933, mutual savings banks, buildings and loan and savings and loan associations with respect to their banking, trust, or savings and loan business and to credit companies and corporations with respect to loans made for the purpose of financing the growing, harvesting, processing, storing, and marketing of horticulture and agriculture products but shall apply with respect to their engaging in any other business taxable hereunder, even though such other business is conducted primarily for the purpose of liquidating the assets thereof. This ordinance shall also not apply to United States federal housing administration approved mortgagees with respect to their activities of the same type as those hereunder exempted for banks and savings and loan associations.

NEW SECTION: Sec. 44. EXEMPTIONS--HATCHING EGGS AND POULTRY.

This ordinance shall not apply to amounts derived by persons engaged in the production and sale of hatching eggs or poultry for use in the production for sale of poultry or poultry products.

NEW SECTION: Sec. 45. EXEMPTIONS--SAND, GRAVEL AND ROCK TAKEN FROM COUNTY OR CITY PITS OR QUARRIES, PROCESSING AND HANDLING COSTS. This ordinance shall not apply to:

(1) The cost of or charges for labor and services performed in respect to the mining, sorting, crushing, screening, washing, hauling, and stockpiling of sand, gravel, and rock, when such sand, gravel, or rock is taken from a pit or quarry which is owned by or leased to a county or city and such sand, gravel, or rock is either stockpiled in said pit or quarry for placement or is placed on the street, road, place, or highway of the county or city by the county or city itself; or

(2) The cost of or charges for such labor and services if any such sand, gravel, or rock is sold by the county or city to a county or city at actual cost for placement on a publicly owned street, road, place or highway.

The exemption provided for in this section shall not apply to the cost of or charges for such labor and services if the sand, gravel, or rock is used for other than public road purposes or is sold otherwise than as provided for in this section.

NEW SECTION: Sec. 46. EXEMPTIONS--PERSONS TAXABLE ON GROSS INCOME FROM CERTAIN MECHANICAL DEVICES. This ordinance shall not apply to any person performing any activities with respect to which a tax is specifically imposed upon the gross operating income derived therefrom under the provisions of 82.28, RCW.

NEW SECTION: Sec. 47. EXEMPTIONS--ACCOMMODATION SALES. This ordinance shall not apply to sales for resale by persons regularly engaged in the business of making sales of the type of property so sold to other persons similarly engaged in the business of selling such property where (1) the amount paid by the buyer does not exceed the

amount paid by the seller to his vendor in the acquisition of the article and (2) the sale is made as an accommodation to the buyer to enable him to fill a bona fide existing order of a customer or is made within fourteen days to reimburse in kind a previous accommodation sale by the buyer to the seller; nor to sales by a wholly owned subsidiary of a person making sales at retail which are exempt under RCW 82.08.030(11) when the parent corporation shall have paid the tax imposed under this ordinance.

NEW SECTION: Sec. 48. DEDUCTIONS ENUMERATED. In computing tax there may be deducted from the measure of tax the following items:

(1) Amounts derived by persons, other than those engaging in banking, loan, security, or other financial business, from investments or the use of money as such;

(2) Amounts derived from bona fide initiation fees, dues, contributions, donations, tuition fees, charges made for operation of privately operated kindergartens, and endowment funds. This paragraph shall not be construed to exempt any person, association, or society from tax liability upon selling tangible personal property or upon providing facilities or services for which a special charge is made to members or others. Dues which are for, or graduated upon, the amount of service rendered by the recipient thereof are not permitted as a deduction hereunder;

(3) The amount of cash discount actually taken by the purchaser. This deduction is not allowed in arriving at the taxable amount under the extractive or manufacturing classifications with respect to articles produced or manufactured, the reported values of which, for the purposes of this tax, have been computed according to the provision of Section 52;

(4) The amount of credit losses actually sustained by taxpayers whose regular books of account are kept upon an accrual basis;

(5) So much of the sale price of motor vehicle fuel as constitutes the amount of tax imposed by the state or the United States

government upon the sale thereof;

(6) Amounts derived from business which the state is prohibited from taxing under the Constitution of this state or the Constitution or laws of the United States;

(7) Amounts derived by any person as compensation for the receiving, washing, sorting, and packing of fresh perishable horticultural products and the material and supplies used therein when performed for the person exempted in Section 35, either as agent or as independent contractor;

(8) Amounts derived as compensation for services rendered or to be rendered to patients by a hospital, as defined in 70.41, RCW, devoted to the care of human beings with respect to the prevention or treatment of disease, sickness, or suffering, when such hospital is operated by the United States or any of its instrumentalities, or by the state, or any of its political subdivisions;

(9) Amounts derived as compensation for services rendered to patients by a hospital, as defined in 70.41, RCW, which is operated as a nonprofit corporation, nursing homes and homes for unwed mothers operated as religious or charitable organizations, but only if no part of the net earnings received by such an institution inures directly or indirectly, to any person other than the institution entitled to deduction hereunder. In no event shall any such deduction be allowed, unless the hospital building is entitled to exemption from taxation under the property tax laws of this state.

NEW SECTION: Sec. 49. DEDUCTIONS--MUNICIPAL SEWER SERVICE FEES OR CHARGES. In computing the tax imposed by this ordinance, municipal sewerage utilities and other public corporations imposing and collecting fees or charges for sewer service may deduct from the measure of the tax, amounts paid to another municipal corporation or governmental agency for sewerage interception, treatment or disposal.

NEW SECTION: Sec. 50. CREDITS FOR CERTAIN MANUFACTURERS.

In computing tax under this ordinance there may be credited against the amount of the tax the following items:

As to persons engaging in activities defined in Section 12 (the definition of the term "to manufacture"), an amount not to exceed the tax actually paid under 82.08, RCW, (Retail Sales Tax) or 82.12, RCW, (Use Tax) by such persons or their lessors or their contract vendors, on materials, labor and services in the construction or major improvement of buildings, structures or other improvements to real property that are essential to or an integral part of a factory, mill or manufacturing plant when such factory, mill or manufacturing plant is used or to be used in the business of manufacture for sale or commercial or industrial use of any articles, substances or commodities: PROVIDED, That this credit shall be allowable only against tax payable by the manufacturer and measured by the value of products or gross proceeds of sales of articles, substances or commodities manufactured in this county: PROVIDED FURTHER, That this credit shall be allowable only against any tax payable which is attributable to manufacturing which involves the use of such construction or improvements: PROVIDED FURTHER, That notwithstanding the foregoing no tax credit claimed shall be deducted on any return until such claim has been approved by the department of revenue or until ninety days after such claim has been submitted to the department of revenue for approval: AND PROVIDED FURTHER, That this credit shall not be allowable for tax paid on purchases of material, labor or services on which the supplier thereof became entitled to compensation prior to July 1, 1964.

The term "major improvement" means and includes only construction or fixtures which constitute real property which adds substantially and directly to the size or productive capacity of the factory, mill or manufacturing plant.

NEW SECTION: Sec. 51. PERSONS TAXABLE ON MULTIPLE ACTIVITIES. Every person engaged in activities which are within the purview of the provisions of two or more sections, Sections 24 to 31, inclusive, shall be taxable under each paragraph applicable to the activities engaged in: PROVIDED, That persons taxable under Section 26 or Section 28 shall not be taxable under Section 24, Section 25 or subsection (2), (3), (4), (5), (6), or (8) of Section 27 with respect to extracting or manufacturing of the products so sold, and that persons taxable under Section 25 or Section 27 subsection (4) shall not be taxable under Section 24 with respect to extracting the ingredients of the products so manufactured.

NEW SECTION: Sec. 52. VALUE OF PRODUCTS, HOW DETERMINED. The value of products, including byproducts, extracted or manufactured shall be determined by the gross proceeds derived from the sale thereof whether such sale is at wholesale or at retail, to which shall be added all subsidies and bonuses received from the purchaser or from any person with respect to the extraction, manufacture, or sale of such products or byproducts by the seller, except:

(1) Where such products, including byproducts, are extracted or manufactured for commercial or industrial use;

(2) Where such products, including byproducts, are shipped, transported or transferred out of the county, or to another person, without prior sale or are sold under circumstances such that the gross proceeds from the sale are not indicative of the true value of the subject matter of the sale.

In the above cases the value shall correspond as nearly as possible to the gross proceeds from sales in this county of similar products of like quality and character, and in similar quantities by other taxpayers, plus the amount of subsidies or bonuses ordinarily payable by the purchaser or by any third person with respect to the extraction, manufacture, or sale of such products. The tax commission shall prescribe uniform and equitable rules for the purpose of ascertaining such values.

NEW SECTION. Sec. 53. PERSONS DOING BUSINESS BOTH WITHIN

AND WITHOUT COUNTY. Persons engaged in the business of rendering services both within and without the county, or partially within and partially without the county, and maintaining an office or place of business within the county and not elsewhere, shall be taxable on the gross income from the business without regard to the place where the services are rendered; and such persons having an office or place of business inside the county and elsewhere shall, for the purpose of computing tax liability under this ordinance, apportion to the county that portion of his gross income which is derived from services rendered within the county. Where such apportionment cannot be made by separate accounting methods, the taxpayer shall apportion to the county that portion of his total income which the cost of doing business within the county bears to the total cost of doing business both within and without the county.

When a taxpayer engaged in any business activity other than business of services both within and without the county, the gross income of the business shall be allocated or apportioned to the business activity within the county in accordance with rules and regulations formulated by the County Director of Finance.

NEW SECTION. Sec. 54. RESALE CERTIFICATE--BURDEN OF PROOF.

Unless a seller has taken from the purchaser a resale certificate signed by, and bearing the name and address and registration number of the purchaser to the effect that the property was purchased for resale, or unless the nature of the transaction is clearly shown as a sale at wholesale by the books and records of the taxpayer in such other manner as the tax commission shall by regulation provide, the burden of proving that a sale of tangible personal property was not a sale at retail shall be upon the person who made it.

NEW SECTION. Sec. 55. SALES IN OWN NAME--SALES AS AGENT.

Every consignee, bailee, factor, or auctioneer having either actual or constructive possession of tangible personal property, or having possession of the documents of title thereto, with power to sell such tangible personal property in his or its own name and actually so selling, shall be deemed the seller of such tangible personal property within the meaning of this chapter; and further, the consignor, bailor, principal, or owner shall be deemed a seller of such property to the consignee, bailee, factor, or auctioneer.

The burden shall be upon the taxpayer in every case to establish the fact that he is not engaged in the business of selling tangible personal property but is acting merely as broker or agent in promoting sales for a principal. Such claim will be allowed only when the taxpayer's accounting records are kept in such manner as the tax commission shall by general regulation provide.

NEW SECTION. Sec. 56. PAYMENT--HOW MADE. The taxes imposed in Sections 24, 25, 26, 27, 28, 29, 30 and 31 of this ordinance shall be due and payable to the state Department of Revenue in the manner provided for in RCW 82.04.490.

NEW SECTION. Sec. 57. TAX PART OF OPERATING OVERHEAD. It is not the intention of this ordinance that the taxes herein levied upon persons engaging in business be construed as taxes upon the purchasers or customers, but that such taxes shall be levied upon, and collectible from, the person engaging in the business activities herein designated and that such taxes shall constitute a part of the operating overhead of such persons.

NEW SECTION: Sec. 58. GENERAL ADMINISTRATIVE PROVISIONS

INVOKED. All of the provisions contained in chapter 82.32, RCW, shall have full force and application with respect to taxes imposed under the provisions of this chapter. Taxpayers submitting monthly estimates of taxes due under this chapter shall be subject to the provisions of chapter 82.32, RCW, if they fail to remit ninety percent of the taxes actually collected or due for the reporting period.

NEW SECTION: Sec. 59. SEVERABILITY. If any provision or section of this ordinance shall be held void or unconstitutional, all other parts, provisions and sections of this ordinance not expressly so held to be void or unconstitutional shall continue in full force and effect.

NEW SECTION: Sec. 60. From and after April 1, 1970, there is hereby levied upon, and there shall be collected from, every person, firm or corporation engaged in carrying on a telephone business for hire within or partly within the corporate limits of King County an annual tax for the privilege of so doing, such tax to be equal to two percent (2%) of the total gross subscribers' station exchange revenues from business and residence telephone service (excluding message units) in King County.

NEW SECTION: Sec. 61. In computing said annual tax, there shall be deducted from said gross operating revenues the following items:

(a) The amount of credit losses and uncollectibles actually sustained by the taxpayer;

(b) Amounts derived from transactions in interstate or foreign commerce or from any business which the County is prohibited from taxing under the Constitutions of the United States or the State of Washington.

NEW SECTION: Sec. 62. The tax imposed by Section 60 of this Ordinance shall be due and payable monthly on the 15th day of each and every month, provided that the first payment made hereunder shall be made on May 15th, 1970, for the month of April, 1970. On or before said due date, the taxpayer shall file with the County Department of Finance a written return, upon such form and setting forth such information as the Department shall reasonably require, together with the payment of the amount of the tax.

NEW SECTION: Sec. 63. Each taxpayer shall keep records reflecting the amount of his said gross operating revenues, and such records shall be open at all reasonable times to the inspection of the County Department of Finance, or his duly authorized subordinates, for verification of said tax returns or for the fixing of the tax of a taxpayer who shall fail to make such returns.

NEW SECTION: Sec. 64. If any person, firm or corporation subject to this Ordinance shall fail to pay any tax required by this Ordinance within thirty (30) days after the due date thereof, there shall be added to such tax a penalty of ten percent (10%) of the amount of such tax, and any tax due under this Ordinance and unpaid, and all penalties thereon, shall constitute a debt to the County and may be collected by court proceedings, which remedy shall be in addition to all other remedies.

NEW SECTION: Sec. 65. Any money paid to the County through error or otherwise not in payment of the tax imposed hereby or in excess of such tax shall, upon request of the taxpayer, be credited against any tax due or to become due from such taxpayer hereunder or, upon the taxpayers' ceasing to do business in the County, be refunded to the taxpayer.

NEW SECTION: Sec. 66. Exemption - State and Federal Governments. Section 60 of this ordinance shall not apply to activities of the Federal Government and the State of Washington.

NEW SECTION: Sec. 67. The invalidity or unconstitutionality of any provision or section of this Ordinance shall not render any other provision or section of this Ordinance invalid or unconstitutional.

NEW SECTION: Sec. 68. The County Department of Finance is hereby authorized to adopt, publish and enforce, from time to time, such rules and regulations for the proper administration of this Ordinance as shall be necessary, and it shall be a violation of this Ordinance to violate or to fail to comply with any such rule or regulation lawfully promulgated hereunder.

NEW SECTION: Sec. 69. This Ordinance shall have an effective date of April 1, 1970, and shall be effective until March 31, 1971. These taxes shall be phased out prior to April 1, 1971 if other sources of Revenue become available.

INTRODUCED and read for the first time this 8th day of December, 1969.

PASSED by the Council at a regular meeting thereof on the 19th day of December, 1969.

KING COUNTY WASHINGTON

John T. O'Brien
Chairman of the County Council

ATTEST:

Ralph R. Bender
Clerk of the Council

APPROVED this 22nd day of December, 1969.

ORDINANCE READING

1st 12-8-69
2nd 12-19-69
3rd 12-19-69
Effective Date

John D. Fallman
King County Executive